

**Vermont
Housing &
Conservation
Board**



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June 8, 2009

Ms. Ann Bishop & Ms. Andrea McHugh
Vermont Public Service Board
112 State Street
Montpelier, VT 05620-2701

Re: Cost-effectiveness screening meetings

Dear Mss. Bishop & McHugh

Thank you for the opportunity to make an initial response regarding the series of meetings the PSB will be hosting with regard to the issue of cost-effectiveness screening. We look forward to participating in this process and hope to learn much more about the screening tools used by many of our partners in the months ahead; including the philosophy and parameters which have helped to determine "cost-effectiveness" as well as the operational implementation and utilization of these screening tools in the field. We at VHCB together with our housing partners believe we need to make substantially more investments in the energy related performance of our statewide portfolio in order to sustain this portfolio in the years ahead. We therefore view this discussion as important and timely. We would like to briefly discuss here particular aspects of our mission and our goals with regard to the energy and operational profiles of our buildings.

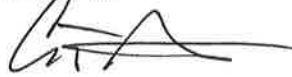
The Vermont affordable housing community houses a substantial portion of Vermont's low income and low income senior population. The housing stock that houses this population is a critical resource and public asset of the state of Vermont. A key feature of the operational environment in which this housing operates, however, is the very limited ability on the revenue side to respond to substantial increases in operating costs including energy costs. Our housing partners operate at a level which facilitates the "double bottom line" of not only financial viability but mission sensitivity which results in properties operating with very thin margins thus keeping the housing as affordable as possible to the often very low income residents we serve. We believe preparing our statewide portfolio from a "risk mitigation" perspective when it comes to a potentially highly inflationary energy environment is a wise and prudent course of action.

VHCB together with several of our partners in the affordable housing community as well as our partners at VEIC have recently embarked on a "roadmap" process funded by the MacArthur Foundation. The core aspect of this process involves analyzing various building measures (e.g. envelopes, mechanicals, alternative

energy generation) and building types in Vermont from a building science perspective. It is then our goal to group various measures where appropriate and overlay these measure costs and returns into an economic model with varying parameters. It is our belief that in order to adequately position our statewide portfolio this analysis is likely to show a "deeper" level of effort than would screen under what we know of the current screening tools used by many of our non-housing energy efficiency/weatherization partners. Investment screening tools which have as key design parameter the operational affordability of the property is critical. The effective utilization of all funding resources to implement the "roadmap" policy recommendations is a key goal for VHCB and the affordable housing community going forward.

Thank you again for the opportunity to participate in this very important process.

Sincerely,

A handwritten signature in black ink, appearing to read 'Craig T. Peltier', with a stylized, flowing script.

Craig T. Peltier
Asset Manager
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